Office - Supreme Court, U.S.
FILED
OCT 23 1957
JOHN T. [illegible], Clerk

No. 581

United States Court of Appeals

FOR THE SECOND CIRCUIT

UNITED STATES OF AMERICA,
Appellee,

-v-

JAMES W. MILLER,
Appellant.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

APPENDIX FOR UNITED STATES OF AMERICA

PAUL W. WILLIAMS,
United States Attorney for the Southern District of New York,
Attorney for United States of America.

ADELBERT C. MATTHEWS, JR.,
GEORGE C. MANTZOROS,
MAURICE N. NESSEN,
Assistant U. S. Attorneys,
Of Counsel.

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(1631)

COUNT I

On or about December 26, 1951 at the Southern District of New York, JAMES W. MILLER, the defendant herein, in a matter within the jurisdiction of a department of the United States, namely, the Fiscal Service of the United States Treasury Department, did unlawfully, wilfully and knowingly make a false and fraudulent statement as to a material fact to the effect that a quantity of bonds in the names of members of the Nat Chernoff family were properly cashed in accordance with procedures laid down by circular letter of the United States Treasury Department, whereas in truth and in fact as the defendant then and there well knew, the said bonds were not properly cashed in accordance with procedures laid down by the said circular letter. (Title 18, Section 1001, United States Code).

COUNT II

On or about April 4, 1952, at the Southern District of New York, JAMES W. MILLER, the defendant herein, in a matter within the jurisdiction of a department of the United States, namely, the Fiscal Service, of the United States Treasury Department, did unlawfully, wilfully and knowingly make a false and fraudulent statement as to a material fact to the effect that a quantity of bonds in the names of members of the Nat Chernoff family were properly cashed in accordance with procedures laid down by circular (1632) letter of the United States Treasury Department, whereas in truth and in fact as the defendant then and there well knew, the said bonds were not prop-

erly cashed in accordance with procedures laid down by the said circular letter. (Title 18, Section 1001, United States Code).

COUNT III

On or about June 4, 1952, at the Southern District of New York, JAMES W. MILLER, the defendant herein, in a matter within the jurisdiction of a department of the United States, namely, Fiscal Service of the United States Treasury Department, did unlawfully, wilfully and knowingly make and cause to be made, a false and fraudulent statement as to a material fact to the effect that one Irving Michel introduced a person to the defendant, JAMES W. MILLER, as Mr. Chernoff, whereas in truth and in fact as the defendant then and there well knew, he did not introduce any person to the defendant as Mr. Chernoff. (Title 18, Section 1001, United States Code).

Government Exhibit 10

Signature card of Thomas Young.

(OFFSET)

[*For convenience of Court and Counsel this Exhibit is bound in on the opposite page.*]

(p. 3a)

Government Exhibit 10

THOMAS YOUNG — INDIVIDUAL

DEPOSITOR—HEREBY MUTUALLY AGREE, FOR VALUE RECEIVED, THAT IN RECEIVING ITEMS FOR DEPOSIT OR COLLECTION, THIS BANK ACTS ONLY AS DEPOSITOR'S COLLECTION AGENT AND ASSUMES NO RESPONSIBILITY BEYOND THE EXERCISE OF DUE CARE; ALL ITEMS ARE CREDITED SUBJECT TO FINAL PAYMENT IN CASH OR SOLVENT CREDITS. THIS BANK WILL NOT BE LIABLE FOR DEFAULT OR NEGLIGENCE OF ITS DULY SELECTED CORRESPONDENTS NOR FOR LOSSES IN TRANSIT, AND EACH CORRESPONDENT SO SELECTED SHALL NOT BE LIABLE EXCEPT FOR ITS OWN NEGLIGENCE. THIS BANK OR ITS CORRESPONDENTS MAY [illegible] ITEMS, DIRECTLY OR INDIRECTLY, TO ANY BANK INCLUDING THE PAYOR, AND ACCEPT ITS DRAFT OR CREDIT AS CONDITIONAL PAYMENT IN LIEU OF CASH; IT MAY CHARGE BACK ANY ITEM AT ANY TIME BEFORE FINAL PAYMENT WHETHER RETURNED OR NOT, ALSO ANY ITEM DRAWN ON THIS BANK NOT GOOD AT CLOSE OF BUSINESS ON DAY DEPOSITED, AND IT IS FURTHER MUTUALLY AGREED, THAT THE SIGNATURE OF THE DEPOSITOR HERETO ATTACHED IS TO BE RECOGNIZED BY THE BANK IN PAYMENT OF FUNDS OR IN THE TRANSACTION OF ANY BUSINESS FOR THIS ACCOUNT.

THE BANK IS AUTHORIZED TO MAKE A CHARGE FOR SERVICES IF, ON ANALYSIS, THE ACCOUNT DOES NOT COVER THE COST OF HANDLING AND TO CHARGE FOR CHECKS RETURNED WHEN FUNDS ARE NOT AVAILABLE. THE BANK IS ALSO DIRECTED TO MAIL MONTHLY STATEMENTS OF THIS ACCOUNT TOGETHER WITH CANCELLED VOUCHERS BY ORDINARY MAIL TO US AT THE ADDRESS GIVEN BELOW, AND THE BANK IS HEREBY RELEASED OF ANY LIABILITY BECAUSE OF THE NON-RECEIPT OF SUCH STATEMENT.

Thomas Young

ADDRESS 515 Seventh Avenue NYC PHONE

INTRODUCED BY JWM OPENED BY INITIAL DEPOSIT 935.00

BUSINESS ~~Salesman~~ DATE 6/20/49

THE PENNSYLVANIA EXCHANGE BANK

FORM 15

Government Exhibit 11

Signature card of John Case.

(OFFSET)

[*For convenience of Court and Counsel this Exhibit is bound in on the opposite page.*]

Government Exhibit 11

(p. 5a)

JOHN CASE — INDIVIDUAL

DEPOSITOR—HEREBY MUTUALLY AGREE, FOR VALUE RECEIVED, THAT IN RECEIVING ITEMS FOR DEPOSIT OR COLLECTION, THIS BANK ACTS ONLY AS DEPOSITOR'S COLLECTION AGENT AND ASSUMES NO RESPONSIBILITY BEYOND THE EXERCISE OF DUE CARE. ALL ITEMS ARE CREDITED SUBJECT TO FINAL PAYMENT IN CASH OR SOLVENT CREDITS. THIS BANK WILL NOT BE LIABLE FOR DEFAULT OR NEGLIGENCE OF ITS DULY SELECTED CORRESPONDENTS NOR FOR LOSSES IN TRANSIT, AND EACH CORRESPONDENT SO SELECTED SHALL NOT BE LIABLE EXCEPT FOR ITS OWN NEGLIGENCE. THIS BANK OR ITS CORRESPONDENTS MAY SEND ITEMS, DIRECTLY OR INDIRECTLY, TO ANY BANK INCLUDING THE PAYOR, AND ACCEPT ITS DRAFT OR CREDIT AS CONDITIONAL PAYMENT IN LIEU OF CASH; IT MAY CHARGE BACK ANY ITEM AT ANY TIME BEFORE FINAL PAYMENT WHETHER RETURNED OR NOT, ALSO ANY ITEM DRAWN ON THIS BANK NOT GOOD AT CLOSE OF BUSINESS ON DAY DEPOSITED, AND IT IS FURTHER MUTUALLY AGREED, THAT THE SIGNATURE OF THE DEPOSITOR HERETO ATTACHED IS TO BE RECOGNIZED BY THE BANK IN PAYMENT OF FUNDS OR IN THE TRANSACTION OF ANY BUSINESS FOR THIS ACCOUNT.

THE BANK IS AUTHORIZED TO MAKE A CHARGE FOR SERVICES IF, ON ANALYSIS, THE ACCOUNT DOES NOT COVER THE COST OF HANDLING AND TO CHARGE FOR CHECKS RETURNED WHEN FUNDS ARE NOT AVAILABLE. THE BANK IS ALSO DIRECTED TO MAIL MONTHLY STATEMENTS OF THIS ACCOUNT TOGETHER WITH CANCELLED VOUCHERS BY ORDINARY MAIL TO US AT THE ADDRESS GIVEN BELOW, AND THE BANK IS HEREBY RELEASED OF ANY LIABILITY BECAUSE OF THE NON-RECEIPT OF SUCH STATEMENT.

John Case

ADDRESS 154 West 38th Street, NYC PHONE LOn-3688

INTRODUCED BY JWM OPENED BY INITIAL DEPOSIT $985.00

BUSINESS buyer of piece goods DATE 6/20/49

THE PENNSYLVANIA EXCHANGE BANK

FORM 15

Government Exhibit 1A

Redemption Form dated December 29, 1949.

(OFFSET)

Government Exhibit 2A

Redemption Form dated January 9, 1950.

(OFFSET)

[*For convenience of Court and Counsel these Exhibits are bound in on the opposite page.*]

Government Exhibit 1A

(p. 7a)

REDEMPTION FORM
U. S. SAVINGS BONDS

DEC 29 19[illegible] 194[illegible]

Received from THE [illegible] 3[illegible]
(Name of Bank)

$ 540 in full payment for United States Savings Bond(s) listed below and detailed on the reverse side.
BANK TELLER WILL FILL IN AMOUNT

Please make payment by Cash ☐ Check ☐ Credit my Account ☐

_____	$ 10. Bond(s)
_____	$ 25. Bond(s)
_____	$ 50. Bond(s)
_____	$ 100. Bond(s)
_____	$ 200. Bond(s)
_____	$ 500. Bond(s)
_____	$1000. Bond(s)
_____	No. of Items (Bonds)

Kath. Quirnbach
(Print Name)

(Write Signature)

(Address)

(Identification)

→ FILL IN ON REVERSE SIDE BOND NUMBERS. MATURITY VALUE. AND DATE OF ISSUE. ←

STEWART, WARREN & BENSON CORP. N. Y. FORM 6

Government Exhibit 2A

REDEMPTION FORM
U. S. SAVINGS BONDS

Miller

JAN - 1956 194

Received from _____
(Name of Bank)

$ 1018 in full payment for United States Savings Bond(s) listed below and detailed on the reverse side.
BANK TELLER WILL FILL IN AMOUNT

Please make payment by Cash ☐ Check ☐ Credit my Account ☐

_____ $ 10. Bond(s)
_____ $ 25. Bond(s)
_____ $ 50. Bond(s)
_____ $ 100. Bond(s)
_____ $ 200. Bond(s)
_____ $ 500. Bond(s)
_____ $1000. Bond(s)
_____ No. of Items (Bonds)

_____
(Print Name)

Kat Chernak
(Write Signature)

_____
(Address)

_____
(Identification)

→ FILL IN ON REVERSE SIDE BOND NUMBERS. MATURITY VALUE. AND DATE OF ISSUE. ←

STEWART, WARREN & BENSON CORP. N. Y. FORM 6

Government Exhibit 3A

Redemption Form dated January 19, 1950.

(OFFSET)

Government Exhibit 4A

Redemption Form dated January 30, 1950.

(OFFSET)

[*For convenience of Court and Counsel these Exhibits are bound in on the opposite page.*]

Government Exhibit 3A

(p. 9a)

REDEMPTION FORM
U. S. SAVINGS BONDS

JAN 19 1953 , 194

$1032- *Received from* _____
(Name of Bank)

$ 1046 in full payment for United States Savings Bond(s) listed below and detailed on the reverse side.
BANK TELLER WILL FILL IN AMOUNT

Please make payment by Cash ☑ Check ☐ Credit my Account ☐

	$ 10. Bond(s)
	$ 25. Bond(s)
6	$ 50. Bond(s)
4	$ 100. Bond(s)
	$ 200. Bond(s)
1	$ 500. Bond(s)
	$1000. Bond(s)
	No. of Items (Bonds)

Nat Chernoff
(Print Name)

Nat Chernoff
(Write Signature)

(Address)

(Identification)

→ FILL IN ON REVERSE SIDE BOND NUMBERS, MATURITY VALUE, AND DATE OF ISSUE. ←

STEWART, WARREN & BENSON CORP. N. Y. FORM 6

Government Exhibit 4A

REDEMPTION FORM
U. S. SAVINGS BONDS

_____ 194____

Received from _____
(Name of Bank)

$ 917 in full payment for United States Savings Bond(s) listed below and detailed on the reverse side.
BANK TELLER WILL FILL IN AMOUNT

Please make payment by Cash ☑ Check ☐ Credit my Account ☐

_____ $ 10. Bond(s)	Nat Cherkoff
_____ $ 25. Bond(s)	(Print Name)
_____ $ 50. Bond(s)	Nat Cherkoff
_____ $ 100. Bond(s)	(Write Signature)
_____ $ 200. Bond(s)	
_____ $ 500. Bond(s)	(Address)
_____ $1000. Bond(s)	
_____ No. of Items (Bonds)	(Identification)

→ FILL IN ON REVERSE SIDE BOND NUMBERS. MATURITY VALUE. AND DATE OF ISSUE. ←

STEWART, WARREN & BENSON CORP. N. Y. FORM 6

Government Exhibit 5A

Redemption Form dated February 6, 1950.

(OFFSET)

Government Exhibit 6A

Redemption Form dated February 9, 1950.

(OFFSET)

[*For convenience of Court and Counsel these Exhibits are bound in on the opposite page.*]

Government Exhibit 5A

(p. 11a)

REDEMPTION FORM
U. S. SAVINGS BONDS

THE PENNSYLVANIA EXCHANGE BANK 194
20 WEST 48TH ST.
NEW YORK 19, N.Y. FEB 6 1960

Received from _____
(Name of Bank)

$ 450 in full payment for United States Savings Bond(s) listed below and detailed on the reverse side.
BANK TELLER WILL FILL IN AMOUNT

Please make payment by Cash ☐ Check ☐ Credit my Account ☐

_____ $ 10. Bond(s)
_____ $ 25. Bond(s)
_____ $ 50. Bond(s)
_____ $ 100. Bond(s)
_____ $ 200. Bond(s)
_____ $ 500. Bond(s)
_____ $1000. Bond(s)
_____ No. of Items (Bonds)

_____
(Print Name)

Grat Chernoff
(Write Signature)

_____
(Address)

THOMAS YOUNG
(Identification)

→ FILL IN ON REVERSE SIDE BOND NUMBERS, MATURITY VALUE, AND DATE OF ISSUE. ←

STEWART, WARREN & BENSON CORP. N. Y. FORM 6

Government Exhibit 6A

REDEMPTION FORM
U. S. SAVINGS BONDS

Feb 3 1941

Received from _____
(Name of Bank)

$ 716 in full payment for United States Savings Bond(s) listed below and detailed on the reverse side.
BANK TELLER WILL FILL IN AMOUNT

Please make payment by Cash ☑ Check ☐ Credit my Account ☐

_____ $ 10. Bond(s)	Nat. Chernoff
_____ $ 25. Bond(s)	(Print Name)
_____ $ 50. Bond(s)	Nat Chernoff
_____ $ 100. Bond(s)	(Write Signature)
_____ $ 200. Bond(s)	
_____ $ 500. Bond(s)	(Address)
_____ $1000. Bond(s)	THOMAS YOUNG
_____ No. of Items (Bonds)	(Identification)

→ FILL IN ON REVERSE SIDE BOND NUMBERS. MATURITY VALUE. AND DATE OF ISSUE. ←

STEWART, WARREN & BENSON CORP. N. Y. FORM 6

Government Exhibit 7A

Redemption Form dated February 15, 1950.

(OFFSET)

Government Exhibit 8A

Redemption Form dated February 16, 1950.

(OFFSET)

[*For convenience of Court and Counsel these Exhibits are bound in on the opposite page.*]

Government Exhibit 7A

(p. 13a)

REDEMPTION FORM
U. S. SAVINGS BONDS

T.L.B 1-

THE PENNSYLVANIA EXCHANGE BANK 19____
20 WEST 48TH ST.
NEW YORK (Name of Bank)

Received from

$ 897.50
BANK TELLER WILL FILL IN AMOUNT

in full payment for United States Savings Bond(s) listed below and detailed on the reverse side.

Please make payment by Cash ☒ Check ☐ Credit my Account ☐

____	$ 10. Bond(s)
____	$ 25. Bond(s)
____	$ 50. Bond(s)
____	$ 100. Bond(s)
____	$ 200. Bond(s)
____	$ 500. Bond(s)
____	$1000. Bond(s)
____	No. of Items (Bonds)

Blanche Sherroff
(Print Name)

(Write Signature)

(Address)

J.M.
(Identification)

→ FILL IN ON REVERSE SIDE BOND NUMBERS, MATURITY VALUE, AND DATE OF ISSUE. ←

STEWART, WARREN & BENSON CORP. N. Y. FORM 6

Government Exhibit 8A

Government Exhibit 8A

REDEMPTION FORM
U. S. SAVINGS BONDS

THE PENNSYLVANIA EXCHANGE BANK 19___
20 WEST 48TH ST.
NEW YORK 19, N.Y.
(Name of Bank)

Received from _____

$ 84— in full payment for United States Savings Bond(s) listed bel
BANK TELLER WILL FILL IN AMOUNT
and detailed on the reverse side.

Please make payment by Cash ☐ Check ☐ Credit my Account ☐

_____ $ 10. Bond(s)
_____ $ 25. Bond(s)
_____ $ 50. Bond(s)
_____ $ 100. Bond(s)
_____ $ 200. Bond(s)
_____ $ 500. Bond(s)
_____ $1000. Bond(s)
_____ No. of Items (Bonds)

_____
(Print Name)

David Chernoff
(Write Signature)

_____
(Address)

THOMAS YOUNG
(Identification)

J.M.

→ FILL IN ON REVERSE SIDE BOND NUMBERS, MATURITY VALUE, AND DATE OF ISSUE. ←

STEWART, WARREN & BENSON CORP. N. Y. FORM 6

Government Exhibit 21

CONFIDENTIAL—FOR USE OF PAYING AGENTS ONLY

STATEMENT BY THE TREASURY DEPARTMENT CONCERNING IDENTIFICATION OF PERSONS PRESENTING UNITED STATES SAVINGS BONDS FOR PAYMENT AND THE LIABILITY OF PAYING AGENTS FOR LOSSES RESULTING FROM THE ERRONEOUS PAYMENT OF SUCH BONDS.

TREASURY DEPARTMENT
Washington, December 19, 1947

1. On and after January 1, 1948, paying agents are expected to make adequate notations on the bonds or on a separate record at the time of payment showing exactly how identification was established, except that paying agents will doubtless feel that notations are unnecessary in the case of known customers. In the absence of such notation as to a payment on and after such date (which subsequently proves to have been an erroneous payment) a statement by the paying agent that it has no reason to believe its usual identification procedure was not followed will not be considered in itself as a sufficient basis for a determination by the Secretary that the agent was free from fault or negligence in making the payment, even though its procedure as described by the agent would appear to be adequate if followed.

However, very careful consideration will be given to a statement by a paying agent that it has no reason to believe its usual identification procedure (which as described by the agent appears adequate) was not followed in an erroneous payment made before January 1, 1948, where the agent's statement is the only evidence obtainable. This, of course, will not apply to erroneous payments with respect to which reimbursement has already been

made by agents or to cases in which the Department has heretofore formally determined an agent's liability and has requested it to make reimbursement.

2. Subject to other provisions of this statement a paying agent will be relieved of liability when it has noted on the bonds (or on a separate record) at the time of payment the facts of identification if: (1) an identification practice acceptable under the circumstances is shown to have been followed; and (2) the Department's investigation and the circumstances of the case disclose no factors tending affirmatively to show that due care was not exercised. For handwriting as a factor see paragraph 3.

3. Acceptable identification includes, but is not limited to, the following:

(i) personal identification as explained in paragraph 4;

(ii) a pass issued by an employer (whose existence is known to the paying agent), bearing the photograph of the employee or an adequate identifying description, and his signature countersigned by some person purporting to be authorized by the employer, or bearing some other evidence of validation of the employee's signature, as, for example, a facsimile signature of a representative of the employer;

(iii) an insurance policy having attached a photographic copy of the application therefor showing the insured's signature, and adequate identifying description;

(iv) separation documents of Army, Navy, Marine Corps, and Coast Guard, that is, either a single

separation document or two documents in combination, which set forth a physical description and witnessed signature of the recipient, or photographs of such documents under practically the same circumstances as prescribed in the case of Armed Forces Leave Bonds (see paragraph 10 of the instructions to paying agents governing Armed Forces Leave Bonds, copies of which may be obtained from the Federal Reserve Bank of the District);

(v) original (not duplicate) draft registration cards, that is, those cards bearing the registrant's physical description signed by the registrant in the presence* of the registrar and signed also by the registrar;

(vi) a customer of the paying agent, if known to or duly identified by the employee as being a customer whose account has been established for six months or longer or a customer whose identity was required to be established beyond any reasonable doubt at the time the account was opened;** and

(vii) motor vehicle operators' licenses or permits; greater care should be exercised in accepting this type of identification, since in many states a

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* This does not mean that paying agents are expected to ascertain that the registrant actually signed his name in the presence of the registrar. It is inserted merely to distinguish a draft registration card from a selective service classificaiton card which comes within the unacceptable class set forth in paragraph 5 and does not have to be signed by the addressee in anyone's presence and does not have to be validated by a countersignature.

** This deals with payment to a customer. See paragraph 4 for the identification of someone else by a customer.

> person can easily obtain a driver's license or permit without having to establish his identity to the agency issuing the license or permit. In any case of doubt other acceptable documents should be required for corroborative purposes.

It should be ascertained that any physical description or photograph on an identification document fits the person presenting the bond, and while paying agents' employees are not expected to be handwriting experts, that there is a reasonable similarity between the signature known to have been placed on the bond *by such person* and that appearing on the identification document and that any such documents do not bear signs of alteration. A recently issued document should be a cause for the exercise of additional care.

4. Personal identification, that is, identification of a stranger by a customer of or by someone well and favorably known to the paying agent, if carefully used, is one of the best methods of identification and has the approval of the Treasury. But, of course, personal identification is not considered good identification by the Treasury Department when a paying agent accepts the bare statement of the identifier that he knows the person presenting the bond for payment by the name inscribed on the bond. The personal integrity and reliability of the identifier are not sufficient. The reliability of the source and duration of the identifier's acquaintance with the person presenting the bond for payment are just as important. The paying agent, therefore, should ask for the source and duration of the identifier's acquaintance with the person presenting the bond and should be satisfied that they are sound. At the time of payment a paying agent should require the

Government Exhibit 21

identifier to sign his name and show his address on the bonds, or on a separate record, or should so record such data itself. A paying agent may imprint on the back of a bond for the signature of the identifier any form of guarantee which the agent may wish to use for its own protection. In the event of a loss the identifier will be expected to be in a position to present a reasonable basis for making the identification. In the absence of such reasonable basis the paying agent will be considered to have been at fault in making the payment. Consequently, the agent will have to sustain the loss unless he can obtain reimbursement from the identifier.

5. Unacceptable identification includes, but is not limited to, social security cards, ration books, selective service classification cards (that is, those notifying a person of his classification for draft purposes), and, in general, any kind of card or alleged identification which does not contain a witnessed, or otherwise validated, signature or which is easily obtainable without the person in whose name it is issued having to establish his identity. Generally, these cards will not be considered acceptable by themselves or in combinations thereof.

6. Paying agents will not be relieved of liability for losses resulting from erroneous payments in cases which involve a violation of the governing regulations and instructions. Particular attention should be given to detect alterations on bonds, and differences and errors in names and initials or lack of appropriate prefix and suffix between those in the bond inscription and those in the request for payment. Agents may be adjudged fully respsonsible for any losses resulting from any deficiencies in these respects.

Government Exhibit 20

TREASURY DEPARTMENT
Fiscal Service
Chicago 54, Ill.

(Emblem)

BUREAU OF THE PUBLIC DEBT
Chicago Office:
Merchandise Mart

Office of the
Deputy Commissioner in Charge

Jul 19 1950

Mr. J. W. Miller, President,
Pennsylvania Exchange Bank,
566 Eighth Avenue,
New York 18, N. Y.

Dear Mr. Miller: Case of: Blanche Chernoff

The Treasury has been notified of the loss or theft of the savings bonds described in the attached schedule. Since our records show that your bank paid the bonds this notice is transmitted in order:

(1) to acquaint you with the possibility of an erroneous payment having been made,

(2) that you may assemble all known information concerning the payment for presentation to the Secret Service agent who will call at your bank in connection with his investigation of the case, and

(3) that you may notify your bonding company of the matter and take such other action as you may consider desirable.

Government Exhibit 20

Photographs of bonds, one or more for each date of payment, are enclosed to assist you in Item (2) above.

This notice does not constitute a claim for reimbursement. Your bank will be informed of the result of the Department's investigation. In any correspondence with respect to this notice, please refer to the name of the case as indicated above.

Very truly yours,

CHAS. D. PEYTON
Chas. D. Peyton
Deputy Commissioner in Charge

Government Exhibit 20A

BUREAU OF THE PUBLIC DEBT
Chicago Office

SCHEDULE OF PAID BONDS UNDER INVESTIGATION

Case of Nat Chernoff (N. Y.)
(Blanche Chernoff)

	Serial Number	Issue Date	Paying Agent	Date Paid	Amount Paid
•	M-5,790,889-E	9-43	The Pennsylvania	12-29-49	$840.00
•	C-12,890,736-E	5-42	Exchange Bank,	1- 9-50	90.00
	C-30,781,495-E	3-43	New York City, N. Y.	"	86.00
	C-34,217,230-E	4-43		"	86.00
	C-43,130,920-E	9-43		"	84.00
	C-43,130,921-E	9-43		"	84.00
	C-43,130,922-E	9-43		"	84.00
	C-43,130,923-E	9-43		"	84.00
	D-6,172,520-E	9-43		"	420.00
•	C-12,890,725-E	5-42		1-19-50	90.00
	L-9,095,688-E	6-42		"	45.00
	C-12,890,756-E	6-42		"	90.00
	L-14,775,934-E	8-42		"	44.00
	L-19,864,332-E	10-42		"	44.00
	L-29,937,897-E	1-43		"	44.00
	L-33,538,201-E	3-43		"	43.00
	C-30,781,496-E	3-43		"	86.00
	L-49,641,381-E	8-43		"	42.00
	C-43,130,918-E	9-43		"	84.00
	D-7,781,727-E	1-44		"	420.00
•	D-6,916,070-E	9-43		1-30-50	420.00
	C-72,516-823-E	1-44		"	84.00
	C-70,598,680-E	2-44		"	83.00
	C-74,209,896-E	2-44		"	83.00
	C-74,209,897-E	2-44		"	83.00
	C-74,209,899-E	2-44		"	83.00
	C-108,672,653-E	5-45		"	81.00
•	D-6,916,065-E	9-43		2- 6-50	420.00
	C-120,135,721-E	11-45		"	80.00
	C-120,698,900-E	11-45		"	80.00

Government Exhibit 20B

BUREAU OF THE PUBLIC DEBT
Chicago Office

SCHEDULE OF PAID BONDS UNDER INVESTIGATION

Case of Nat Chernoff (N. Y.)
(Blanche Chernoff)

	Serial Number	Issue Date	Paying Agent	Date Paid	Amount Paid
	C-120,698,905-E	11-45	The Pennsylvania	2- 6-50	$80.00
	C-120,698,908-E	11-45	Exchange Bank	"	80.00
	C-120,698,909-E	11-45	New York City, N. Y.	"	80.00
	C-120,698,910-E	11-45		"	80.00
	C-120,698,911-E	11-45		"	80.00
•	L-8,224,373-E	5-42		2- 9-50	45.00
	Q-75,459,540-E	1-43		"	22.00
	D-4,730,989-E	4-43		"	430.00
	Q-238,607,825-E	8-43		"	21.50
•	C-56,341,718-E	1-44		"	84.00
	C-74,209,898-E	2-44		"	84.00
	C-74,209,900-E	2-44		"	84.00
	C-74,209,901-E	2-44		"	84.00
	Q-445,223,197-E	9-44		"	20.50
	Q-445,223,242-E	9-44		"	20.50
	Q-445,223,243-E	9-44		"	20.50
•	L-14,533,100-E	7-42		2-15-50	45.00
	C-42,075,514-E	8-43		"	86.00
	C-42,075,515-E	8-43		"	86.00
	C-56,341,716-E	1-44		"	84.00
•	C-74,209,902-E	2-44		"	84.00
•	C-74,209,903-E	2-44		"	84.00
•	C-74,209,904-E	2-44		"	84.00
•	C-74,209,905-E	2-44		"	84.00
	Q-445,223,198-E	9-44		"	20.50
	C-120,698,899-E	11-45		"	80.00
	C-120,698,906-E	11-45		"	80.00
	C-120,698,907-E	11-45		"	80.00
•	C-51,746,028-E	10-43		2-20-50	84.00

Defendant's Exhibit AV

TREASURY DEPARTMENT
(Emblem) Fiscal Service
Washington 25

Nov 16 1951

Mr. J. W. Miller, President,
Pennsylvania Exchange Bank,
566 Eighth Avenue,
New York 18, N. Y.

Dear Mr. Miller:

I refer to Department letter dated July 19, 1950, regarding the payment by your bank in December 1949, January and February 1950, of fifty-nine savings bonds bearing the names of various members of the Nat Chernoff family, at the total redemption value of $6,684.50.

The investigation conducted by the Department disclosed that: (1) the bonds were stolen and the requests for payment forged by an impostor whose identity has not been established; (2) payment of the bonds was made to one Irving Mishel, who was well known to you; (3) trials of Mishel on various charges are pending in New York courts; and (4) the probability of obtaining any restitution is extremely remote. Photographs of the affidavits of forgery signed by the registered owners are enclosed for your examination.

The payment of a bond to a person known to be other than a person named on the bond is in direct violation of the regulations governing the payment of savings bonds, as set forth in Section 321.7 of Department Cir-

Defendant's Exhibit AV

cular No. 750, Revised, which restricts payment to the registered owner or coowner named on the bond.

Under the circumstances, a basis has not been established upon which your bank may be granted relief from liability for the loss resulting from the erroneous payment. I should appreciate your forwarding a check or draft in the amount of $6,684.50, drawn to the order of the Treasurer of the United States, to the *Chicago Office, Bureau of the Public Debt, Merchandise Mart, Chicago 54, Illinois.*

Very truly yours,

E. F. BARTELT
E. F. Bartelt
Fiscal Assistant Secretary

Government Exhibit 22

(Emblem)

THE PENNSYLVANIA EXCHANGE BANK
20 West 48th Street Opposite Rockefeller Plaza
New York 19, N. Y.

JAMES W. MILLER
President

38th Street Office
8th Avenue at 38th Street
New York 18, N. Y.

December 26, 1951

Mr. E. F. Bartelt
Fiscal Assistant Secretary
Treasury Department
Fiscal Service
Washington 25, D. C.

Dear Sir:

We have your letter of November 16, 1951, regarding the payment by our Bank of fifty-nine savings bonds bearing the names of various members of the Nat Chernoff family at the total redemption value of $6,684.50.

At the time the investigation was made by your Department we were informed that the bonds were properly cashed in accordance with procedure laid down in your official circular and consequently no claim would be made against us. We note the several matters listed in the second paragraph of your letter as being disclosed by your investigation, but call your attention to the fact that item (2) is incorrect according to the information that we have and which was given to and confirmed by your investigators.

Government Exhibit 22

Under the circumstances we believe that we should be granted relief from liability for the loss resulting from the erroneous payment.

Very truly yours,

JAMES W. MILLER
James W. Miller
President

Defendant's Exhibit AL

TREASURY DEPARTMENT
(Emblem) Fiscal Service
Washington 25

Feb 5 1952

Mr. James W. Miller,
The Pennsylvania Exchange Bank,
20 West 48th Street,
Opposite Rockefeller Plaza,
New York 19, New York.

Dear Mr. Miller:

This is in reply to your letter dated December 26, 1951, regarding the payment by your bank of savings bonds bearing the names of various members of the Nat Chernoff family, at the total redemption value of $6,684.50.

A careful review of the case has been made and full consideration given to the comments in your letter. We are not aware of the information given by our investigating agent to you or officials of your bank. However, I wish to point out that the statute under which relief may be granted requires the Secretary of the Treasury

Defendant's Exhibit AL

to determine that the loss resulted without fault or negligence of the paying agent. The circumstances in this case do not justify such a determination.

The investigation established conclusively that these bonds were paid by tellers of your bank upon instructions from you; that the proceeds of the bonds were handed by the tellers to the bank guard who delivered them to you; and that in at least two instances you personally handed the money to Mr. Mishel. As to the circumstances surrounding these payments, you stated to our investigating agent that Mr. Mishel brought with him another man who remained at a distance, that you did not meet or observe this individual, and did not attempt to identify him as the registered owner of the bonds Mr. Mishel handed you and asked to have paid. Neither your statement nor the investigation generally disclosed that any attempt was made at any time to identify any one connected with the payment of these bonds as the registered owners or coowners. I wish to make it clear that payment in this manner is not in accordance with procedure laid down in Department Circulars and memoranda of instructions and letters to paying agents, but is clearly a violation of all regulations governing the payment of savings bonds.

Accordingly, there is no basis for granting your bank relief from its liability for the loss in this case. Therefore, I must ask that reimbursement in the amount of $6,684.50 be made as previously requested.

Very truly yours,

E. F. BARTELT
E. F. Bartelt
Fiscal Assistant Secretary

Defendant's Exhibit AK

TREASURY DEPARTMENT
Fiscal Service
Chicago 54, Ill.

(Emblem)

BUREAU OF THE PUBLIC DEBT
Chicago Office:
Merchandise Mart

Office of the
Deputy Commissioner in Charge

Mar 11 1952

Mr. James W. Miller,
The Pennsylvania Exchange Bank,
20 West 48th Street,
Opposite Rockefeller Plaza,
New York 19, New York.

Dear Mr. Miller:

We have written several letters requesting reimbursement on account of the erroneous redemption of United States Savings Bonds bearing the names of various members of the Nat Chernoff family, in the amount of $6,684.50.

The appeal you made from the original decision was reviewed by a special Committee, but no new evidence was submitted which would serve as a basis for the Government to grant relief to your bank.

We would appreciate your forwarding reimbursement to the Division of Loans and Currency, Merchandise Mart, Chicago 54, Illinois.

Very truly yours,

CHAS. D. PEYTON
Chas. D. Peyton
Deputy Commissioner in Charge

Government Exhibit 23

(Emblem)

THE PENNSYLVANIA EXCHANGE BANK
20 West 48th Street, Opposite Rockefeller Plaza
New York 19, N. Y.

38th Street Office
8th Avenue at 38th Street
New York 18, N. Y.

April 4, 1952

Treasury Department
Fiscal Service
Chicago 54, Illinois

Attention: Mr. Chas. D. Peyton
Deputy Commissioner in Charge

Gentlemen:

We have your letter of March 11th requesting reimbursement on account of alleged erroneous redemption of United States savings bonds bearing the names of various members of the Nat Chernoff family in the amount of $6,684.50. Reply has been delayed because of the overlapping absences of our attorney and the writer.

We regret that you are insisting on reimbursement because we feel that these bonds were cashed in good faith and within the meaning, letter and spirit of Paragraph 4 of the Treasury Department's Circular covering such redemptions dated December 19, 1947. When you originally called this matter to our attention we notified our bonding company, but subsequently informed them that the investigation made by your Department indicated that the bonds were properly cashed in accordance with the

Government Exhibit 23

procedure laid down in your official circular as advised in our letter to you dated December 26, 1951.

We are again filing claim under our Banker's Blanket Bond and will make reimbursement as soon as this matter is processed by the bonding company.

Very truly yours,

JAMES W. MILLER
James W. Miller
President

Government Exhibit 27

INTER-OFFICE COMMUNICATION

THE PENNSYLVANIA EXCHANGE BANK
20 West 48th St., Opposite Rockefeller Plaza
New York 19, N. Y.

To: Mr. I. Alfred Levy

From: Mr. James W. Miller

Subject: Nat Chernoff

Date May 13, 1952

Again referring to the matter of the Treasury Department's demand for reimbursement in connection with our having been swindled into cashing some "E" Bonds for a phony Nat Chernoff, who was brought into the Bank, introduced and identified by our depositor, Irving Mishel, I think it would be better for you to take this matter up with the Treasury Department in an endeavor to make an adjustment.

Government Exhibit 27

I have had this matter up with them many times and my approach is apparently worn out. You would probably handle it entirely different from me and, inasmuch as I am so burned up over the Treasury's attitude, I suppose I am unable to appraise the situation properly.

I am sending you our file and if there is any additional information you want before proceeding, please let me know.

J. W. MILLER
James W. Miller

Government Exhibit 28

INTER-OFFICE COMMUNICATION

THE PENNSYLVANIA EXCHANGE BANK
20 West 48th St., Opposite Rockefeller Plaza
New York 19, N. Y.

To: Mr. I. Alfred Levy

From: Mr. James W. Miller

Subject: Nat Chernoff Family

Date May 21, 1952

Referring further to our memo forwarding Chernoff file to you, please note the attached copy of letter we have just received from the Treasury Department under date of May 20, 1952.

Will you please give this matter your immediate attention so that some kind of communication can be sent to Mr. Bartelt. We are not answering this letter but will

Government Exhibit 28

expect that you will take the matter up with the Treasury Department direct in an endeavor to make a settlement as suggested by us previously.

J. W. M.

Att.

Government Exhibit 28A

COPY

TREASURY DEPARTMENT
Fiscal Service
Washington 25, D. C.

May 20, 1952

Dear Mr. Miller:

Mr. Heffelfinger, my Assistant, discussed with you on April 14th the Treasury's claim against your Bank in the amount of $6,684.50 on account of the erroneous payment of certain United States Savings bonds in the names of various persons of the Nat Chernoff family. Mr. Heffelfinger has reported that he explained to you the Treasury's position in this case at great length and informed you of our desire to close this claim which has been pending for sometime.

I understand you informed Mr. Heffelfinger that you had an appointment on April 15th to discuss this case with a representative of your bonding company and you expected that a check in settlement of the matter would be forwarded to the Treasury shortly thereafter.

Government Exhibit 28A

Since payment of the claim has not been received by the Treasury as of this date, I want to confirm the information conveyed to you with respect to the desire of the Treasury for an early settlement of the case and to state we will be required to take positive action in the matter without further delay.

Your cooperation will be appreciated.

Very truly yours,

/s/ E. F. BARTELT
E. F. Bartelt
Fiscal Assistant Secretary

Mr. James W. Miller
President

The Pennsylvania Exchange Bank
20 West 48th Street
New York 18, N. Y.

Government Exhibit 29

COPY

DORFF & LEVY
8 West 40th Street
New York 18, N. Y.

June 4, 1952.

Mr. E. F. Bartelt, Fiscal Assistant Secretary,
Treasury Department, Fiscal Service,
Washington, D. C.

Dear Sir:—

Our client, The Pennsylvania Exchange Bank of New York City has turned over to us its file regarding the cashing of certain U. S. Savings Bonds bearing the names of various members of the Nat Chernoff family at the total redemption value of $6684.50. We have read this file very carefully and we also interviewed Mr. Miller, the president of the bank. We also note from the file that this matter has been reviewed by you. We are wondering whether or not all of the facts in the matter have been presented to you because, from the facts as we learned them, and applying Paragraph 4 of the Treasury Department circular of December 19, 1947 outlining the procedure for cashing E bonds, we find it difficult to dedrct the basis of your claim for reimbursement.

We have been advised that a person came into the bank with a depositor of the bank, one Irving Mishel. This person signed the bonds in the presence of a teller of the bank and asked the teller to redeem the bonds. The teller asked for identification and Mr. Mishel, who was with that person, told the teller that Mr. Miller knew Mishel and that he was identifying the person as the payee named

Government Exhibit 29

in the bonds. Mr. Mishel and the person with the bonds went over to Mr. Miller and the latter asked Mr. Mishel who the person was; Mr. Mishel introduced that person to Mr. Miller as Mr. Chernoff, the man in whose name the bonds were registered.

We want to bring to your attention at this time that in view of the fact that Mr. Mishel had been a depositor of the bank for upwards of four years and that his transactions up to that time had been satisfactory to the bank and that Mr. Miller accepted, and had a right to accept, the identification of the person who claimed he was Mr. Chernoff, that such identification satisfied completely the requirements laid down by the Treasury Department for the cashing of these bonds. It seems to us that no better identification could be made than having somebody who is well known to the Bank officer identify the person as the one named in the bonds. Such identification, in our opinion, is superior to identification based on automobile registration, license, credit cards and other methods of identification of the same type.

We therefore respectfully ask you to have the matter reconsidered and if you deem it advisable to investigate further, we would welcome same and cooperate with you to the fullest extent. Incidentally, Mr. Miller testified before the Grand Jury regarding the theft of these bonds and identified the person who cashed the bonds as the one who claimed he was Mr. Chernoff and who was introduced to Mr. Miller as Mr. Chernoff by Mr. Mishel.

Anticipating your cooperation and hoping to hear from you as to what further action you deem necessary, we are

Very truly yours,

IAL:ftm

Government Exhibit 29A

MEMORANDUM

DORFF AND LEVY
Counselors at Law
8 West 40th Street, New York 18, N. Y.
LOngacre 5-6864

To: Mr. James W. Miller, The Pennsylvania Exchange Bank.

From: I. Alfred Levy

Subject: Nat Chernoff

Date June 4/52.

Enclosed is draft of proposed letter to be written by us to Mr. E. F. Bartelt, Fiscal Assistant Secretary.
Please let us know whether it is satisfactory.

MD

IAL:ftm
Encl.

Government Exhibit 30

Page 2 of letter of June 4, 1952.

(OFFSET)

[For convenience of Court and Counsel this Exhibit is bound in on the opposite page.]

Government Exhibit 30

(p. 37a)

We therefore respectfully ask you to have the matter reconsidered and if you deem it advisable to investigate further, we would welcome same and cooperate with you to the fullest extent. Incidentally, Mr. Miller testified before the Grand Jury regarding the theft of these bonds and identified the person who cashed the bonds as the one who claimed he was Mr. Chernoff and who was introduced to Mr. Miller as Mr. Chernoff by Mr. Mishell and who had

Anticipating your cooperation and hoping to hear from you as to what further action you deem necessary, we are

Very truly yours,

IAL:ftm

been informed that the person who cashed the b.
was subsequently indicted.

Government Exhibit 31

Mr. E. F. Bartelt,
Fiscal Assistant Secretary.

June 4, 1952

We therefore respectfully ask you to have the matter reconsidered and if you deem it advisable to investigate further, we would welcome same and cooperate with you to the fullest extent. Incidentally, Mr. Miller testified before the Grand Jury regarding the theft of these bonds and we have been informed that the person who cashed the bonds was subsequently indicted.

Anticipating your cooperation and hoping to hear from you as to what further action you deem necessary, we are

Very truly yours,

IAL:ftm

Government Exhibit 31A

MEMORANDUM

DORFF AND LEVY
Counselors at Law
8 West 40th Street, New York 18, N. Y.
LOngacre 5-6864

To: Mr. James W. Miller, The Pennsylvania Exchange Bank.

From: Max Dorff.

Subject: Nat Chernoff.

Date June 5/52.

As per our conversation, we enclose rewritten page 2 of the letter to E. F. Bartelt.

M D

MD:ftm
Encl.

Government Exhibit 24

DORFF AND LEVY
Counselors at Law
8 West 40th Street
New York 18, N. Y.
LOngacre 5–6864

June 4, 1952.

Cable Address
"LEVDORF"

Mr. E. F. Bartelt, Fiscal Assistant Secretary,
Treasury Department, Fiscal Service,
Washington, D. C.

Dear Sir:

Our client, The Pennsylvania Exchange Bank of New York City has turned over to us its file regarding the cashing of certain U. S. Savings Bonds bearing the names of various members of the Nat Chernoff family at the total redemption value of $6684.50. We have read this file very carefully and we have also interviewed Mr. Miller, the president of the bank. We also note from the file that this matter has been reviewed by you. We are wondering whether or not all of the facts in the matter have been presented to you because, from the facts as we learned them, and applying Paragraph 4 of the Treasury Department circular of December 19, 1947 outlining the procedure for cashing E bonds, we find it difficult to deduct the basis of your claim for reimbursement.

We have been advised that a person came into the bank with a depositor of the bank, one Irving Mishel. This person signed the bonds in the presence of a teller of the bank and asked the teller to redeem the bonds. The teller asked for identification and Mr. Mishel, who was with that person, told the teller that Mr. Miller knew

Government Exhibit 24

Mishel and that he was identifying the person as the payee named in the bonds. Mr. Mishel and the person with the bonds went over to Mr. Miller and the latter asked Mr. Mishel who the person was; Mr. Mishel introduced that person to Mr. Miller as Mr. Chernoff, the man in whose name the bonds were registered.

We want to bring to your attention at this time that in view of the fact that Mr. Mishel had been a depositor of the bank for upwards of four years and that his transactions up to that time had been satisfactory to the bank and that Mr. Miller accepted, and had a right to accept, the identification of the person who claimed he was Mr. Chernoff, that such identification satisfied completely the requirements laid down by the Treasury Department for the cashing of these bonds. It seems to us that no better identification could be made than having somebody who is well known to the Bank officer identify the person as the one named in the bonds. Such identification, in our opinion, is superior to identification based on automobile registration, license, credit cards and other methods of identification of the same type.

We therefore respectfully ask you to have the matter reconsidered and if you deem it advisable to investigate further, we would welcome same and cooperate with you to the fullest extent. Incidentally, Mr. Miller testified before the Grand Jury regarding the theft of these bonds and we have been informed that the person who cashed the bonds was subsequently indicted.

Anticipating your cooperation and hoping to hear from you as to what further action you deem necessary, we are

Very truly yours,

DORFF AND LEVY

IAL:ftm